

Message Text

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PAGE 01 MTN GE 07433 01 OF 02 292138Z

63

ACTION EB-07

INFO OCT-01 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 AF-06 ARA-06

EA-07 EUR-12 NEA-10 OIC-02 IO-10 /134 W

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R 291844Z SEP 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 56

INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE SECTION 1 OF 2 MTN GENEVA 7433

PASS STR AND AGRICULTURE

H PASS CODEL

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PAGE 02 MTN GE 07433 01 OF 02 292138Z

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJ: MTN: AGRICULTURE GROUP MEETING, SEPTEMBER 22-26

REF: A. MTN GENEVA 7390; B. MTN GENEVA 7401; C. STATE 224255;
D. MTN GENEVA 7432

1. SUMMARY. THIS SUPPLMNT RNT ON GROUP GRICULTURE MTING PTMOR GWWLHV LHCH RVC D WITHOUT REACHING AGREE-
MENT ON ITS WORK PROGRAM. THE GROUP WILL RECONVENE OCTOBER 3 IF
FURTHER EFFORTS ARE SUCCESSFUL IN RESOLVING THE OUTSTANDING ISSUES
BETWEEN THE EC AND U.S. U.S. PROPOSAL WAS ACCEPTABLE TO MOST
DELEGATIONS APART FROM THE EC (AND, TO LESSER EXTENT, JAPAN)
AS A BASIS FOR A PRAGMATIC WORK PROGRAM.

2. WHILE THE EC WAS PREPARED TO GO ALONG WITH SOME ELEMENTS OF
WORK PROGRAM ALONG LINES OF WASHINGTON UNDERSTANDING REGARDING
THE TREATMENT OF TARIFF AND CERTAIN NON-TARIFF BARRIERS
AFFECTING AGRICULTURAL PRODUCTS, THE EC WAS UNABLE TO ACCEPT
TH LINK BETWEEN AGRICULTURE GROUP'S WORK AND THAT OF OTHER
MTN GROUPS OR SUBGROUPS. THERE WAS, HOWEVER, NO CONSENSUS
REGARDING THE HANDLING OF QR'S ON PRODUCTS COVERED BY THE
THREE AGRICULTURAL PRODUCT SUBGROUPS. THE EC STATED IN BILATERAL
MEETINGS THAT THERE WAS A MISUNDERSTANDING OR NO UNDERSTANDING
IN WASHINGTON REGARDING THE AUTONOMY OF THE THREE AGRICULTURAL
PRODUCT SUBGROUPS. IN THE EC VIEW THERE CANNOT BE ANY BILATERAL
CONSULTATION OR NOTIFICATION PROCEDURES FOR PRODUCTS FALLING
WITHIN THE PURVIEW OF THESE SUBGROUPS. THE LDC'S INDICATED
DISSATISFACTION WITH QUOTE PRIORITY ATTENTION UNQUOTE TO THEIR
INTERESTS AND DEMANDED SPECIAL PROCEDURES FOR LDC'S AT THE OUTSET.
END SUMMARY.

3. AGRICULTURE GROUP MEETING BEGAN SEPTEMBER 22 WITH U.S.
DEL (KOENIG) OUTLINING U.S. PROPOSAL FOR A FOUR POINT WORK
PROGRAM FOR GROUP AGRICULTURE (REF C). THE PROPOSAL WAS
FAVORABLE RECEIVED BY ALL DELEGATIONS INCLUDING THE EC, BUT
MANY DELEGATIONS SAID THAT THEY WOULD LIKE TO SEE IT IN WRITING
AND HAVE A PERIOD OF REFLECTION BEFORE MAKING SPECIFIC COMMENTS.
THE RESULT WAS TWO LENGTHY QUESTION AND ANSWER SESSIONS IN
WHICH IT BECAME APPARENT THAT THE EC WOULD HAVE MAJOR DIFFICULTIES
WITH THE U.S. PROPOSAL.

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PAGE 03 MTN GE 07433 01 OF 02 292138Z

4. THE EC ACKNOWLEDGED THE U.S. PROPOSAL GOES A LONG WAY TOWARD
RESOLVING THE PROCEDURAL PROBLEMS WHICH HAVE PLAGUED THE GROUP
FOR THE LAST NINE MONTHS BUT TOOK LINE THAT THIS PROPOSAL, ALONG
WITH THE OTHER PROPOSALS WHICH ARE QUOTE STILL ON THE TABLE
UNQUOTE HAVE ELEMENTS WHICH TOGETHER COULD BE USED TO COME UP
WITH A FINAL PROGRAM WHICH EVERYONE COULD AGREE TO. THE EC
ALSO REPEATEDLY STRESSED THAT WHILE THE JOB AT HAND FOR THE

GROUP WAS TO ESTABLISH A WORK PROGRAM FOR PRODUCTS NOT COVERED BY THE THREE SUBGROUPS (DAIRY, MEAT AND GRAINS), NOTHING THE GROUP CONSIDERS SHOULD QUOTE REOPEN THE TERMS OF REFERENCE UNQUOTE OF THOSE SUBGROUPS.

5. IT BECAME OBVIOUS BOTH IN THE PLNARY AND IN BILATERAL SESSIONS BETWEEN THE U.S. AND THE EC THAT THE EC HAD SERIOUS DIFFICULTIES WITH THE U.S. PROPOSAL. IN BILATERAL SESSIONS, THE EC STATED THAT (A) THE QR PROCEDURES AS OUTLINED IN THE U.S. PROPOSAL SHOULD NOT ENCOMPASS PRODUCTS IN THE THREE SUBGROUPS, AND (B) RESULTS OF THE GROUP'S WORK ON PRODUCTS OTHER THAN THOSE IN THE SUBGROUPS AND ON TARIFFS(WHICH THEY ARGUED AS PREMATURE) AND STANDARDS (WHICH THEY HAD LEAST PROBLEMS WITH) SHOULD BE COMMUNICATED TO THE OTHER RELEVANT FUNCTIONAL GROUPS WHICH SHOULD NOT CHANGE THE DECISIONS REACHED IN THE AGRICULTURE GROUP. ON QUESTION OF CONSULTATION AND NOTIFICATION PROCEDURES ESTABLISHED BY SUBGROUP QR, EC STATED THE AGRI-CULTURAL SUBGROUPS WERE UNDER A MANDATE TO TREAT QUOTE ALL ELEMENTS UNQUOTE OF TRADE AFFECTING THOSE PRODUCTS. THE SUBGROUPS, THEREFORE, ARE AUTONOMOUS AND QUESTION OF BILATERAL CONSULTATION IS NOT PROVIDED FOR BECAUSE THE SUBGROUPS ARE CHARGED WITH SEEKING MULTILATERAL SOLUTIONS. ON QUESTION OF GROUP AGRICULTURE TIES WITH OTHER GROUPS THE EC SAID THAT WHILE SOME SORT OF TIE IS ACCEPTABLE THE FORM OF THE TIE SHOULD NOT YET BE SPELLED OUT; THE GROUP SHOULD HAVE A PROCEDURE BASED ON QUOTE GOOD FAITH UNQUOTE. THE EC ADMITTED THAT TO THEM QUOTE RSLTS OF WORK UNQUOTE MEANS THAT FINAL SOLUTIONS WOULD BE COMMUNICATED TO OTHER GROUPS BUT COULD NOT BE CHANGED. THEY EMPHASIZED THAT ANY INCONSISTENCIES BETWEEN THE WORK OF THE VARIOUS GROUPS SHOULD BE WORKED OUT IN SOME APPROPRIATE MANNER AND IF NECESSARY BE TRANSMITTED TO TNC AND THEY STOUTLY DECLINED TO ACCEPT ANY REFERENCE TO WORKING OUT SOLUTIONS QUOTE JOINTLY UNQUOTE BY THE FUNCTIONAL GROUPS PER UNDERSTANDING IN LIMITED OFFICIAL USE

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PAGE 04 MTN GE 07433 01 OF 02 292138Z

WASHINGTON.

6. JAPAN (YOSHIKUNI) STATED THAT THE U.S. PROPOSAL WENT A LONG WAY TOWARD RESOLVING THE PROCEDURAL IMPASSE AND QUOTE SHOWS THAT THE U.S. IS READY TO TAKE A STEP FORWARD IN MAKING A FLEXIBLE WORK PROGRAM UNQUOTE. HOWEVER, JAPAN SAID THAT IT HAS PROBLEMS WITH THE QUESTION OF QR CONSULTATIONS AND THE EXAMINATION OF TARIFF FORMULAE AS PROPOSED IN THE U.S. PROPOSAL. HE DID NOT GO ANY FURTHER IN SPELLING OUT WHAT THOSE PROBLEMS ARE THAN TO SAY THAT THE U.S. IMPLIES THAT IF A MULTILATERAL SOLUTION ON QR'S IS TO BE WORKED OUT, IT MUST BE DONE IN THE QR SUBGROUP AND THIS WOULD PREJUDICE WHERE AGRICULTURAL QR'S ARE HANDLED. HE PROPOSED AS EC SUGGESTED IN PARA 17(D) OF MTN/AG/2 THAT QR PROCEDURES BE SUBSUMED IN PROCEDURES OUTLINED IN PARA 9 OF MTN/AG/2 AND THAT THE RESULTS OF THE WORK BE REPORTED TO

GROUP AGRICULTURE AND NOT TO THE QR SUBGROUP. AS REGARDS
TARIFFS, JAPAN SAID THAT THERE MUST BE A DISCUSSION OF TARIFFS
BEFORE THERE CAN BE A DISCUSSION OF TARIFF FORMULAE AS SUG-
GESTED BY U.S., IMPLYING THAT TARIFFS ON AGRICULTURAL PRODUCTS
BE NEGOTIATED ONLY IN GROUP AGRICULTURE. JAPAN'S INTERVENTIONS
WERE BRIEF AND LOW KEY, INDICATING JAPAN PREFERRED TO LET EC
APPEAR AS THE ONLY MAJOR ANTAGONIST TO U.S. PROPOSAL.

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PAGE 01 MTN GE 07433 02 OF 02 292153Z

63

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LIMITED OFFICIAL USE SECTION 2 OF 2 MTN GENEVA 7433

PASS STR AND AGRICULTURE

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PAGE 02 MTN GE 07433 02 OF 02 292153Z

7. AUSTRALIAN DEL (WARWICK SMITH) SUPPORTED PROPOSED U.S. PROCEDURES FOR QR'S AND STANDARDS AND WOULD SUPPORT EXAMINATION OF TARIFF FORMULAE AT AN QUOTE APPROPRIATE TIME UNQUOTE SUBJECT TO NON-TARIFF MEASURES BEING EXAMINED ALONG WITH TARIFFS. AUSTRALIA COULD SUPPORT AN EXAMINATION OF SPECIFIC BARRIERS AFFECTING TRADE IN ALL AGRICULTURAL PRODUCTS IF THE EXAMINATION INCLUDES TRADE BARRIERS AFFECTING MEAT, GRAINS AND DAIRY PRODUCTS AND PROCEEDS IN PARALLEL WITH THE WORK ON ALL PRODUCTS IN THE TARIFF AND NON-TARIFF MEASURES BROUP.

8. AUSTRALIA DEL AND NEW ZELAND DEL BOTH INTERVENED AFTER IT BECAME CLEAR THAT THE EC WAS ATTEMPTING PROCEDURALLY TO RESTRICT QR PROCEDURES TO PRODUCTS OTHER THAN THOSE COVERED BY THE THREE PRODUCT SUBGROUPS. IN THEIR VIEW, QR PROCEDURES SHOULD COVER ALL PRODUCTS, WHERE NOT NECESSARILY INCOMPATIBLE WITH WORK PROGRAM ADOPTED BY THREE SUBGROUPS, AND THAT PARALLEL OPPORTUNITY AS PROVIDED UNDER PROCEDURES OF QR SUBGROUP IS REQUIRED.

9. CANADIAN DEL (MINER) ACCEPTED U.S. PROPOSAL IN GENERAL AS FORMING BASIS OF OPERATIONAL WORK PROGRAM BUT SUGGESTED IT BE EXTENDED TO INCLUDE PROCEDURES FOR CONSIDERATION OF EXPORT SUBSIDIES, COUNTERVAILING DUTIES AND EXPORT RESTRICTIONS AND FOR CONSIDERATION OF STABILIZATION OF MARKETS FOR PRODUCTS OTHER THAN THOSE COVERED BY THE THREE PRODUCT SUBGROUPS. CANADIAN DEL OMITTED ANY REFERENCE TO U.S. PROPOSAL ON TARIFFS. REGARDING PRIORITY ATTENTION FOR LDC'S, CANADA RECOGNIZED U.S. PROPOSAL DID NOT GO AS FAR AS LDC'S DESIRED AND EXPRESSED VIEW THAT GENERAL PROCEDURE BE DEVELOPED BEFORE GROUP FOCUSED ON SPECIAL PROCEDURES. IN RESPONSE TO EC POSITION ON QR'S AND LINKAGE, CANADIAN DEL WARNED OF INADVISABILITY OF INSISTING ON NEGOTIATING ALL ISSUES IN ONE GROUP, STRESSING THAT SOME ELEMENTS WERE BOUND TO QUOTE FIND A HOME UNQUOTE IN SOLUTIONS BEING WORKED OUT IN OTHER GROUPS; FLEXIBILITY NEEDED AS PROVIDED IN U.S. PROPOSAL WHICH IS CONSISTENT WITH PARA 2 OF MTN/AG/1.

10. LDC REACTIONS TO U.S. PROPOSAL WERE ALSO FAVORABLE ALTHOUGH MOST LDC'S ASKED THAT SPECIAL PROCEDURES FOR DEVELOPING COUNTRIES NEED TO BE ESTABLISHED AT THE OUTSET AND THAT PRIORITY ATTENTION TO PRODUCTS OF INTEREST TO THEM WAS NOT SUFFICIENT.

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PAGE 03 MTN GE 07433 02 OF 02 292153Z

1. ARGENTINE DEL (MARTINEZ) POINTED OUT THAT U.S. PROPOSAL DOES NOT SPELL OUT SPECIFIC PROCEDURES FOR LDC'S, RECALLED ITS PROPOSAL AS SET OUT IN PARA 11 OF MTN/AG/2 AND STATED IT NOT

NECESSARY FOR GENERAL PROCEDURES TO BE DETERMINED BEFORE SPECIAL PROCEDURES CAN BE AGREED TO.

12. BRAZIL (BARTHEL ROSE) STRESSED THE NEED FOR QUOTE ADDITIONAL BENEFITS UNQUOTE, NOT QUOTE PRIORITY ATTENTION UNQUOTE AND TOGETHER WITH SPAIN, URUGUAY, MEXICO, INDIA AND ROMANIA SUPPORTED

THE PROCEDURES PROPOSED BY ARGENTINA IN PARA 11, MTN/AG/2. BARETHEL ROSA REPEATED THAT BRAZIL WAS NOT REPEAT NOT PREPARED TO PARTICIPATE IN MEANINGFUL CONSULTATIONS IN THE MTN UNTIL SPECIAL PROCEDURES FOR LDC'S WERE AGREED UPON. TWO FUNDAMENTAL CONCERNS WERE EXPRESSED BY BRAZIL AND SPAIN ON THE H.S. PROPOSAL, NAMELY NO ADEQUATE REFERENCE TO SEEK SPECIAL PROCEDURES AND PROPOSED PROCEDURES WOULD TEND TO COMPARTMENTALIZE THE NEGOTIATIONS MAKING IT DIFFICULT TO REACH GLOBAL SOLUTION FOR SPECIAL TREATMENT IN ALL GROUPS. THE BRAZILIAN DEL, HOWEVER, NOTED THAT THE U.S. PROPOSAL FORESEES A NETWORK OF CROSS INFORMATION BETWEEN DIFFERENT MTN GROUPS, WHICH IS A POSITIVE STEP, SINCE SPECIAL PROCEDURES MUST BE VIEWED OVERALL AND NOT JUST IN ONE SECTOR. A GENERAL FORMULA OF SPECIFIC MEASURES SHOULD BE ESTABLISHED FOR ALL GROUPS, AND ITS APPLICATION TO ALL PRODUCTS AND MEASURES SHOULD BE STUDIED BY THE APPROPRIATE GROUPS. HE RECALLED THAT BRAZIL HAD MADE A PROPOSAL IN OCTOBER OF 1973 FOR DIFFERENTIAL TREATMENT WHICH THE GROUP SHOULD LOOK AT.

13. EGYPT (HAMZA) PROPOSED THE ESTABLISHMENT OF A FOURTH SUBGROUP FOR PRODUCTS OTHER THAN THOSE COVERED BY THE THREE PRODUCT SUBGROUPS AND ONE OF ITS FUNCTIONS WOULD BE TO DETERMINE IF ANY ADDITIONAL PRODUCT SUBGROUPS SHOULD BE CRATED. IF SO, THIS SUBGROUP WOULD THEN BECOME A QUOTE RESIDUAL SUBGROUP UNQUOTE.

14. U.S. STATD IN BILATERAL MEETINGS WITH EC ITS DEEP DIS-APPOINTMENT THAT EC'S POSITIONS HERE ARE AT VARIANCE WITH THOSE WE UNDERSTOOD RESULTED FROM RABOT/HIJZEN TALKS IN WASHINGTON.
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PAGE 04 MTN GE 07433 02 OF 02 292153Z

SPECIFICALLY, THE U.S. STATED THAT A FORMULATION HAD BEEN

AGREED TO ON THE QUESTION OF QR NOTIFICATIONS AND CONSULTATIONS FOR ALL PRODUCTS AND ON THE QUESTION OF THE BRIDGE BETWEEN THE WORK OF GROUP AGRICULTURE AND ITS SUBGROUPS AND THAT OF OTHER MTN GROUPS AND SUBGROUPS, BOTH OF WHICH THE EC WAS NOW REPUDIATING. IN AN EFFORT TO ARRIVE AT A WORK PROGRAM BASED ON ELEMENTS OF U.S. PROPOSAL ON WHICH THERE SEEMED TO BE SOME CONSENSUS, SECRETARIAT (PATTERSON) PREPARED DRAFT LANGUAGE. IMPASSE QUICKLY DEVELOPED ON THE QUESTION OF PROCEDURE TO RESOLVE PROBLEMS AND ON INTENT OF REFERRING RESULTS TO OTHER GROUPS, I.E., FOR INFORMATION ONLY OR FOR INCORPORATION OF RESULTS INTO GLOBAL SOLUTIONS (REF B).

15. DURING LAST PLENARY SESSION, U.S. DEL (WALKER) RESTATED U.S. PROPOSAL MODIFIED TO TAKE ACCOUNT OF THE VIEWS EXPRESSED BY MANY DELEGATIONS THAT IT WOULD BE PREMATURE FOR GROUP AGRICULTURE TO CONSIDER TARIFF FORMULA, AND OFFERING THAT BILATERAL CONSULTATIONS ON DAIRY, MEAT AND GRAIN QR'S COULD BE HELD UNDER THE AEGIS OF THE PRODUCT SUBGROUPS THEMSELVES (REF D).WALKER

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06 JUL 2006

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